

LEFF FLOOR AMENDMENT #2

SENATE AMENDMENTS TO H.B. 2475

(Reference to House engrossed bill)

Page 1, line 22, after “schools” insert “, INCLUDING PURCHASING COMPUTER HARDWARE
PURSUANT TO SECTIONS 15-491 AND 15-1021”

Page 8, between lines 14 and 15, insert:

“Sec. 2. Section 15-481, Arizona Revised Statutes, is amended to read:
15-481. Override election; budget increases; notice; ballot;
effect

A. If a proposed budget of a school district exceeds the aggregate budget limit for the budget year, at least ninety days before the proposed election the governing board shall order an override election to be held on the first Tuesday following the first Monday in November as prescribed by section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of presenting the proposed budget to the qualified electors of the school district who shall by a majority of those voting either affirm or reject the budget. In addition, the governing board shall prepare an alternate budget which does not include an increase in the budget of more than the amount permitted as provided in section 15-905. If the qualified electors approve the proposed budget, the governing board of the school district shall follow the procedures prescribed in section 15-905 for adopting a budget that includes the authorized increase. If the qualified electors disapprove the proposed budget, the governing board shall follow the procedures prescribed in section 15-905 for adopting a budget that does not include the proposed increase or the portion of the proposed increase that exceeds the amount authorized by a previously approved budget increase as prescribed in subsection P of this section.

B. The county school superintendent shall prepare an informational report on the proposed increase in the budget and a sample ballot and, at least forty days prior to the election, shall transmit the report and the sample ballot to the governing board of the school district. The governing board, upon receipt of the report and the ballot, shall mail or distribute

1 the report and the ballot to the households in which qualified electors
2 reside within the school district at least thirty-five days prior to the
3 election. Any distribution of material concerning the proposed increase in
4 the budget shall not be conducted by children enrolled in the school
5 district. The report shall contain the following information:

6 1. The date of the election.
7 2. The voter's polling place and the times it is open.
8 3. The proposed total increase in the budget which exceeds the amount
9 permitted pursuant to section 15-905.

10 4. The total amount of the current year's budget, the total amount of
11 the proposed budget and the total amount of the alternate budget.

12 5. If the override is for a period of more than one year, a statement
13 indicating the number of years the proposed increase in the budget would be
14 in effect and the percentage of the school district's revenue control limit
15 that the district is requesting for the future years.

16 6. The proposed total amount of revenues which will fund the increase
17 in the budget and the amount which will be obtained from a levy of taxes upon
18 the taxable property within the school district for the first year for which
19 the budget increase was adopted.

20 7. The proposed amount of revenues which will fund the increase in the
21 budget and which will be obtained from other than a levy of taxes upon the
22 taxable property within the school district for the first year for which the
23 budget increase was adopted.

24 8. The dollar amount and the purpose for which the proposed increase
25 in the budget is to be expended for the first year for which the budget
26 increase was adopted.

27 9. At least two arguments, if submitted, but no more than ten
28 arguments for and two arguments, if submitted, but no more than ten arguments
29 against the proposed increase in the budget. The arguments shall be in a
30 form prescribed by the county school superintendent and each argument shall
31 not exceed two hundred words. Arguments for the proposed increase in the
32 budget shall be provided in writing and signed by the governing board. If

1 submitted, additional arguments in favor of the proposed increase in the
2 budget shall be provided in writing and signed by those in favor. Arguments
3 against the proposed increase in the budget shall be provided in writing and
4 signed by those in opposition. The names of those persons other than the
5 governing board or superintendent submitting written arguments shall not be
6 included in the report without their specific permission, but shall be made
7 available only upon request to the county school superintendent. The county
8 school superintendent shall review all factual statements contained in the
9 written arguments and correct any inaccurate statements of fact. The
10 superintendent shall not review and correct any portion of the written
11 arguments which are identified as statements of the author's opinion. The
12 county school superintendent shall make the written arguments available to
13 the public as provided in title 39, chapter 1, article 2. A deadline for
14 submitting arguments to be included in the informational report shall be set
15 by the county school superintendent.

16 10. A statement that the alternate budget shall be adopted by the
17 governing board if the proposed budget is not adopted by the qualified
18 electors of the school district.

19 11. The full cash value, the assessed valuation, the first year tax
20 rate for the proposed override and the estimated amount of the secondary
21 property taxes if the proposed budget is adopted for each of the following:

22 (a) An owner-occupied residence whose assessed valuation is the
23 average assessed valuation of property classified as class three, as
24 prescribed by section 42-12003 for the current year in the school district.

25 (b) An owner-occupied residence whose assessed valuation is one-half
26 of the assessed valuation of the residence in subdivision (a) of this
27 paragraph.

28 (c) An owner-occupied residence whose assessed valuation is twice the
29 assessed valuation of the residence in subdivision (a) of this paragraph.

30 (d) A business whose assessed valuation is the average of the assessed
31 valuation of property classified as class one, as prescribed by section
32 42-12001, paragraphs 12 and 13 for the current year in the school district.

1 12. If the election is conducted pursuant to subsection L or M of this
2 section, the following information:

3 (a) An executive summary of the school district's most recent capital
4 improvement plan submitted to the school facilities board.

5 (b) A complete list of each proposed capital improvement that will be
6 funded with the budget increase and a description of the proposed cost of
7 each improvement, including a separate aggregation of capital improvements
8 for administrative purposes as defined by the school facilities board.

9 (c) The tax rate associated with each of the proposed capital
10 improvements and the estimated cost of each capital improvement for the owner
11 of a single family home that is valued at eighty thousand dollars.

12 C. For the purpose of this section, the school district may use its
13 staff, equipment, materials, buildings or other resources only to distribute
14 the informational report at the school district office or at public hearings
15 and to produce such information as required in subsection B of this section,
16 provided that nothing in this subsection shall preclude school districts from
17 holding or participating in any public hearings at which testimony is given
18 by at least one person for the proposed increase and one person against the
19 proposed increase. Any written information provided by the district
20 pertaining to the override election shall include financial information
21 showing the estimated first year tax rate for the proposed budget override
22 amount.

23 D. If any amount of the proposed increase will be funded by a levy of
24 taxes in the district, the election prescribed in subsection A of this
25 section shall be held on the first Tuesday following the first Monday in
26 November as prescribed by section 16-204, subsection B, paragraph 1,
27 subdivision (d). If the proposed increase will be fully funded by revenues
28 from other than a levy of taxes the elections prescribed in subsection A of
29 this section shall be held on any date prescribed by section 16-204. The
30 elections shall be conducted as nearly as practicable in the manner
31 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
32 section 15-426, relating to special elections, except that:

1 1. The notices required pursuant to section 15-403 shall be posted not
2 less than twenty-five days before the election.

3 2. Ballots shall be counted pursuant to title 16, chapter 4,
4 article 10.

5 E. If the election is to exceed the revenue control limit and if the
6 proposed increase will be fully funded by a levy of taxes upon the taxable
7 property within the school district, the ballot shall contain the words
8 "budget increase, yes" and "budget increase, no", and the voter shall signify
9 his desired choice. The ballot shall also contain the amount of the proposed
10 increase of the proposed budget over the alternate budget, a statement that
11 the amount of the proposed increase will be based on a percentage of the
12 school district's revenue control limit in future years, if applicable, as
13 provided in subsection P of this section and the following statement:

14 Any budget increase authorized by this election shall be
15 entirely funded by a levy of taxes upon the taxable property
16 within this school district for the year for which adopted and
17 for ____ subsequent years, shall not be realized from monies
18 furnished by the state and shall not be subject to the limitation
19 on taxes specified in article IX, section 18, Constitution of
20 Arizona. Based on an estimate of assessed valuation used for
21 secondary property tax purposes, to fund the proposed increase in
22 the school district's budget would require an estimated tax rate
23 of _____ dollar per one hundred dollars of assessed
24 valuation used for secondary property tax purposes and is in
25 addition to the school district's tax rate which will be levied
26 to fund the school district's revenue control limit allowed by
27 law.

28 F. If the election is to exceed the revenue control limit and if the
29 proposed increase will be fully funded by revenues from other than a levy of
30 taxes upon the taxable property within the school district, the ballot shall
31 contain the words "budget increase, yes" and "budget increase, no", and the

1 voter shall signify the voter's desired choice. The ballot shall also
2 contain:

3 1. The amount of the proposed increase of the proposed budget over the
4 alternate budget.

5 2. A statement that the amount of the proposed increase will be based
6 on a percentage of the school district's revenue control limit in future
7 years, if applicable, as provided in subsection P of this section.

8 3. The following statement:

9 Any budget increase authorized by this election shall be
10 entirely funded by this school district with revenues from other
11 than a levy of taxes on the taxable property within the school
12 district for the year for which adopted and for _____ subsequent
13 years and shall not be realized from monies furnished by the
14 state.

15 G. Except as provided in subsection H of this section, the maximum
16 budget increase which may be requested and authorized as provided in
17 subsection E or F of this section or the combination of subsections E and F
18 of this section is ten per cent of the revenue control limit as provided in
19 section 15-947, subsection A for the budget year.

20 H. Special budget override provisions for school districts with a
21 student count of less than one hundred fifty-four in kindergarten programs
22 and grades one through eight or with a student count of less than one hundred
23 seventy-six in grades nine through twelve are as follows:

24 1. The maximum budget increase that may be requested and authorized as
25 provided in subsections E and F of this section is the greater of the amount
26 prescribed in subsection G of this section or a limit computed as follows:

27 (a) For common or unified districts with a student count of less than
28 one hundred fifty-four in kindergarten programs and grades one through eight,
29 the limit computed as prescribed in item (i) or (ii) of this subdivision,
30 whichever is appropriate:

(i)

	Small School	Support Level Weight		Phase Down
Student	Student	for Small Isolated		Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
_____	- <u>125</u>	x 1.358 + (0.0005 x	x \$ _____	= \$ _____
		(500 - Student Count))		

Small Isolated

Phase Down	Phase Down	School District
<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>
\$150,000	- \$ _____	= \$ _____

(ii)

	Small School	Support Level Weight		Phase Down
Student	Student	for Small		Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
_____	- <u>125</u>	x 1.278 + (0.0003 x	x \$ _____	= \$ _____
		(500 - Student Count))		

Small

Phase Down	Phase Down	School District
<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>
\$150,000	- \$ _____	= \$ _____

(b) For unified or union high school districts with a student count of less than one hundred seventy-six in grades nine through twelve, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

(i)

	Small School	Support Level Weight		Phase Down
Student	Student	for Small Isolated		Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
_____	- <u>100</u>	x 1.468 + (0.0005 x	x \$ _____	= \$ _____
		(500 - Student Count))		

1					Small Isolated
2		Phase Down	Phase Down		District
3		<u>Base</u>	<u>Reduction Factor</u>		<u>Secondary Limit</u>
4		\$350,000 -	\$	=	\$
5	(ii)				
6		Small School	Support Level Weight		Phase Down
7	Student	Student	for Small		Reduction
8	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
9	-	100	x	1.398 + (0.0004 x x	\$
10				(500 - Student Count))	\$
11					Small
12		Phase Down	Phase Down		School District
13		<u>Base</u>	<u>Reduction Factor</u>		<u>Secondary Limit</u>
14		\$350,000 -	\$	=	\$

(c) If both subdivisions (a) and (b) of this paragraph apply to a unified school district, its limit for the purposes of this paragraph is the combination of its elementary limit and its secondary limit.

(d) If only subdivision (a) or (b) of this paragraph applies to a unified school district, the district's limit for the purposes of this paragraph is the sum of the limit computed as provided in subdivision (a) or (b) of this paragraph plus ten per cent of the revenue control limit attributable to those grade levels that do not meet the eligibility requirements of this subsection. If a school district budgets monies outside the revenue control limit pursuant to section 15-949, subsection E, the district's limit for the purposes of this paragraph is only the ten per cent of the revenue control limit attributable to those grade levels that are not included under section 15-949, subsection E. For the purposes of this subdivision, the revenue control limit is separated into elementary and secondary components based on the weighted student count as provided in section 15-971, subsection B, paragraph 2, subdivision (a).

2. If a school district utilizes the provisions of this subsection to request an override of more than one year, the ballot shall include an

1 estimate of the amount of the proposed increase in the future years in place
2 of the statement that the amount of the proposed increase will be based on a
3 percentage of the school district's revenue control limit in future years, as
4 prescribed in subsections E and F of this section.

5 3. Notwithstanding subsection P of this section, the maximum period of
6 an override authorized pursuant to this subsection is five years.

7 4. Subsection P, paragraphs 1 and 2 of this section do not apply to
8 overrides authorized pursuant to this subsection.

9 I. If the election is to exceed the revenue control limit as provided
10 in section 15-482 and if the proposed increase will be fully funded by a levy
11 of taxes on the taxable property within the school district, the ballot shall
12 contain the words "budget increase, yes" and "budget increase, no", and the
13 voter shall signify the voter's desired choice. The ballot shall also
14 contain the amount of the proposed increase of the budget over the alternate
15 budget, a statement that the amount of the proposed increase will be based on
16 a percentage of the school district's revenue control limit in future years,
17 if applicable, as provided in subsection Q of this section, and the following
18 statement:

19 Any budget increase authorized by this election shall be
20 entirely funded by a levy of taxes on the taxable property within
21 this school district for the year for which adopted and for ____
22 subsequent years, shall not be realized from monies furnished by
23 the state and shall not be subject to the limitation on taxes
24 specified in article IX, section 18, Constitution of
25 Arizona. Based on an estimate of assessed valuation used for
26 secondary property tax purposes, to fund the proposed increase in
27 the school district's budget which will be funded by a levy of
28 taxes upon the taxable property within this school district would
29 require an estimated tax rate of _____ dollar per one
30 hundred dollars of assessed valuation used for secondary property
31 tax purposes and is in addition to the school district's tax rate
32 that will be levied to fund the school district's revenue control

1 limit allowed by law.

2 J. If the election is to exceed the revenue control limit as provided
3 in section 15-482 and if the proposed increase will be fully funded by
4 revenues other than a levy of taxes on the taxable property within the school
5 district, the ballot shall contain the words "budget increase, yes" and
6 "budget increase, no", and the voter shall signify the voter's desired
7 choice. The ballot shall also contain the amount of the proposed increase of
8 the proposed budget over the alternate budget, a statement that the amount of
9 the proposed increase will be based on a percentage of the school district's
10 revenue control limit in future years, if applicable, as provided in
11 subsection Q of this section and the following statement:

12 Any budget increase authorized by this election shall be
13 entirely funded by this school district with revenues from other
14 than a levy of taxes on the taxable property within the school
15 district for the year for which adopted and for _____ subsequent
16 years and shall not be realized from monies furnished by the
17 state.

18 K. The maximum budget increase that may be requested and authorized as
19 provided in subsection I or J of this section, or a combination of both of
20 these subsections, is five per cent of the revenue control limit as provided
21 in section 15-947, subsection A for the budget year. For a unified school
22 district, a common school district not within a high school district or a
23 common school district within a high school district that offers instruction
24 in high school subjects as provided in section 15-447, five per cent of the
25 revenue control limit means five per cent of the revenue control limit
26 attributable to the weighted student count in preschool programs for children
27 with disabilities, kindergarten programs and grades one through eight as
28 provided in section 15-971, subsection B.

29 L. If the election is to exceed the capital outlay revenue limit and
30 if the proposed increase will be fully funded by a levy of taxes upon the
31 taxable property within the school district, the ballot shall contain the
32 words "budget increase, yes" and "budget increase, no", and the voter shall

1 signify the voter's desired choice. An election held pursuant to this
2 subsection shall be held on the first Tuesday after the first Monday of
3 November. The ballot shall also contain the amount of the proposed increase
4 of the proposed budget over the alternate budget and the following statement:

5 Any budget increase authorized by this election shall be
6 entirely funded by a levy of taxes upon the taxable property
7 within this school district for the year in which adopted and for
8 _____ subsequent years, shall not be realized from monies
9 furnished by the state and shall not be subject to the limitation
10 on taxes specified in article IX, section 18, Constitution of
11 Arizona. Based on an estimate of assessed valuation used for
12 secondary property tax purposes, to fund the proposed increase in
13 the school district's budget would require an estimated tax rate
14 of _____ dollar per one hundred dollars of assessed
15 valuation used for secondary property tax purposes and is in
16 addition to the school district's tax rate which will be levied
17 to fund the school district's capital outlay revenue limit
18 allowed by law.

19 M. If the election is to exceed the capital outlay revenue limit and
20 if the proposed increase will be fully funded by revenues from other than a
21 levy of taxes upon the taxable property within the school district, the
22 ballot shall contain the words "budget increase, yes" and "budget increase,
23 no", and the voter shall signify the voter's desired choice. An election
24 held pursuant to this subsection shall be held on the first Tuesday after the
25 first Monday of November. The ballot shall also contain the amount of the
26 proposed increase of the proposed budget over the alternate budget and the
27 following statement:

28 Any budget increase authorized by this election shall be
29 entirely funded by this school district with revenues from other
30 than a levy of taxes on the taxable property within the school
31 district for the year in which adopted and for _____ subsequent
32 years and shall not be realized from monies furnished by the

1 state.

2 N. If the election is to exceed a combination of the revenue control
3 limit as provided in subsection E or F of this section, the revenue control
4 limit as provided in subsection I or J of this section or the capital outlay
5 revenue limit as provided in subsection L or M of this section, the ballot
6 shall be prepared so that the voters may vote on each proposed increase
7 separately and shall contain statements required in the same manner as if
8 each proposed increase were submitted separately.

9 O. If the election provides for a levy of taxes on the taxable
10 property within the school district, at least thirty days prior to the
11 election, the department of revenue shall provide the school district
12 governing board and the county school superintendent with an estimate of the
13 school district's assessed valuation used for secondary property tax purposes
14 for the ensuing fiscal year. The governing board and the county school
15 superintendent shall use this estimate to translate the amount of the
16 proposed dollar increase in the budget of the school district over that
17 allowed by law into a tax rate figure.

18 P. If the voters in a school district vote to adopt a budget in excess
19 of the revenue control limit as provided in subsection E or F of this
20 section, any additional increase shall be included in the aggregate budget
21 limit for each of the years authorized. Any additional increase shall be
22 excluded from the determination of equalization assistance. The school
23 district governing board may, however, levy on the assessed valuation used
24 for secondary property tax purposes of the property in the school district
25 the additional increase if adopted under subsection E of this section for the
26 period of one year, two years or five through seven years as authorized. If
27 an additional increase is approved as provided in subsection F of this
28 section, the school district governing board may only use revenues derived
29 from the school district's prior year's maintenance and operation fund ending
30 cash balance to fund the additional increase. If a budget increase was
31 previously authorized and will be in effect for the budget year or budget
32 year and subsequent years, as provided in subsection E or F of this section,

1 the governing board may request a new budget increase as provided in the same
2 subsection under which the prior budget increase was adopted which shall not
3 exceed the maximum amount permitted under subsection G of this section. If
4 the voters in the school district authorize the new budget increase amount,
5 the existing budget increase no longer is in effect. If the voters in the
6 school district do not authorize the budget increase amount, the existing
7 budget increase remains in effect for the time period for which it was
8 authorized. The maximum additional increase authorized as provided in
9 subsection E or F of this section and the additional increase which is
10 included in the aggregate budget limit is based on a percentage of a school
11 district's revenue control limit in future years, if the budget increase is
12 authorized for more than one year. If the additional increase:

13 1. Is for two years, the proposed increase in the second year is equal
14 to the initial proposed percentage increase.

15 2. Is for five years or more, the proposed increase is equal to the
16 initial proposed percentage increase in the following years of the proposed
17 increase, except that in the next to last year it is two-thirds of the
18 initial proposed percentage increase and it is one-third of the initial
19 proposed percentage increase in the last year of the proposed increase.

20 Q. If the voters in a school district vote to adopt a budget in excess
21 of the revenue control limit as provided in subsection I or J of this
22 section, any additional increase shall be included in the aggregate budget
23 limit for each of the years authorized. Any additional increase shall be
24 excluded from the determination of equalization assistance. The school
25 district governing board, however, may levy on the assessed valuation used
26 for secondary property tax purposes of the property in the school district
27 the additional increase if adopted under subsection I of this section for the
28 period of one year, two years or five through seven years as authorized. If
29 an additional increase is approved as provided in subsection J of this
30 section, the increase may only be budgeted and expended if sufficient monies
31 are available in the maintenance and operation fund of the school district.
32 If a budget increase was previously authorized and will be in effect for the

1 budget year or budget year and subsequent years, as provided in subsection I
2 or J of this section, the governing board may request a new budget increase
3 as provided in the same subsection under which the prior budget increase was
4 adopted that does not exceed the maximum amount permitted under subsection K
5 of this section. If the voters in the school district authorize the new
6 budget increase amount, the existing budget increase no longer is in effect.
7 If the voters in the school district do not authorize the budget increase
8 amount, the existing budget increase remains in effect for the time period
9 for which it was authorized. The maximum additional increase authorized as
10 provided in subsection I or J of this section and the additional increase
11 that is included in the aggregate budget limit is based on a percentage of a
12 school district's revenue control limit in future years, if the budget
13 increase is authorized for more than one year. If the additional increase:

14 1. Is for two years, the proposed increase in the second year is equal
15 to the initial proposed percentage increase.

16 2. Is for five years or more, the proposed increase is equal to the
17 initial proposed percentage increase in the following years of the proposed
18 increase, except that in the next to last year it is two-thirds of the
19 initial proposed percentage increase and it is one-third of the initial
20 proposed percentage increase in the last year of the proposed increase.

21 R. If the voters in a school district vote to adopt a budget in excess
22 of the capital outlay revenue limit as provided in subsection L of this
23 section, any additional increase shall be included in the aggregate budget
24 limit for each of the years authorized. The additional increase shall be
25 excluded from the determination of equalization assistance. The school
26 district governing board may, however, levy on the assessed valuation used
27 for secondary property tax purposes of the property in the school district
28 the additional increase for the period authorized but not to exceed ten
29 years. For overrides approved by a vote of the qualified electors of the
30 school district at an election held from and after October 31, 1998, the
31 period of the additional increase prescribed in this subsection shall not
32 exceed seven years for any capital override election.

1 S. If the voters in a school district vote to adopt a budget in excess
2 of the capital outlay revenue limit as provided in subsection M of this
3 section, any additional increase shall be included in the aggregate budget
4 limit for each of the years authorized. The additional increase shall be
5 excluded from the determination of equalization assistance. The school
6 district governing board may only use revenues derived from the school
7 district's prior year's maintenance and operation fund ending cash balance
8 and capital outlay fund ending cash balance to fund the additional increase
9 for the period authorized but not to exceed ten years. For overrides
10 approved by a vote of the qualified electors of the school district at an
11 election held from and after October 31, 1998, the period of the additional
12 increase prescribed in this subsection shall not exceed seven years for any
13 capital override election.

14 T. In addition to subsections P and S of this section, from the
15 maintenance and operation fund and capital outlay fund ending cash balances,
16 the school district governing board shall first use any available revenues to
17 reduce its primary tax rate to zero and shall use any remaining revenues to
18 fund the additional increase authorized as provided in subsections F and M of
19 this section.

20 U. If the voters in a school district disapprove the proposed budget,
21 the alternate budget which, except for any budget increase authorized by a
22 prior election, does not include an increase in the budget in excess of the
23 amount provided in section 15-905 shall be adopted by the governing board as
24 provided in section 15-905.

25 V. The governing board may request that any override election be
26 cancelled if any change in chapter 9 of this title changes the amount of the
27 aggregate budget limit as provided in section 15-905. The request to cancel
28 the override election shall be made to the county school superintendent at
29 least ten days prior to the date of the scheduled override election.

30 W. For any election conducted pursuant to subsection L or M of this
31 section:

1 1. The ballot shall include the following statement in addition to any
2 other statement required by this section:

3 The capital improvements that are proposed to be funded
4 through this override election are to exceed the state standards
5 and are in addition to monies provided by the state.

6 _____ school district is proposing to increase its
7 budget by \$_____ to fund capital improvements over and above
8 those funded by the state. Under the students first capital
9 funding system, _____ school district is entitled to state
10 monies for building renewal, new construction and renovation of
11 school buildings in accordance with state law.

12 2. The ballot shall contain the words "budget increase, yes" and
13 "budget increase, no", and the voter shall signify the voter's desired
14 choice.

15 3. At least eighty-five days before the election, the school district
16 shall submit proposed ballot language to the director of the Arizona
17 legislative council. The director of the Arizona legislative council shall
18 review the proposed ballot language to determine whether the proposed ballot
19 language complies with this section. If the director of the Arizona
20 legislative council determines that the proposed ballot language does not
21 comply with this section, the director, within ten calendar days of the
22 receipt of the proposed ballot language, shall notify the school district of
23 the director's objections and the school district shall resubmit revised
24 ballot language to the director for approval.

25 X. If the voters approve the budget increase pursuant to subsection L
26 or M of this section, the school district shall not use the override proceeds
27 for any purposes other than the proposed capital improvements listed in the
28 publicity pamphlet, except that up to ten per cent of the override proceeds
29 may be used for general capital expenses, including cost overruns of proposed
30 capital improvements.

31 Y. Each school district that currently increases its budget pursuant
32 to subsection L or M of this section is required to hold a public meeting

1 each year between September 1 and October 31 at which an update of the
2 progress of capital improvements financed through the override is discussed
3 and at which the public is permitted an opportunity to comment. At a
4 minimum, the update shall include a comparison of the current status and the
5 original projections on the construction of capital improvements, the costs
6 of capital improvements and the costs of capital improvements in progress or
7 completed since the prior meeting and the future capital plans of the school
8 district. The school district shall include in the public meeting a
9 discussion of the school district's use of state capital aid and
10 voter-approved bonding in funding capital improvements, if any.

11 Z. If a budget in excess of the capital outlay revenue limit was
12 previously adopted by the voters in a school district and will be in effect
13 for the budget year or budget year and subsequent years, as provided in
14 subsection L or M of this section, the governing board may request an
15 additional budget in excess of the capital outlay revenue limit. If the
16 voters in a school district authorize the additional budget in excess of the
17 capital outlay revenue limit, the existing capital outlay revenue limit
18 budget increase remains in effect.

19 AA. BEFORE ASKING THE VOTERS OF A SCHOOL DISTRICT TO AUTHORIZE THE
20 FUNDING OF CAPITAL IMPROVEMENTS PURSUANT TO THIS SECTION, THE SCHOOL DISTRICT
21 GOVERNING BOARD SHALL DETERMINE WHETHER IT IS MORE COST EFFICIENT TO THE
22 TAXPAYERS TO FUND THOSE CAPITAL IMPROVEMENTS BY SUBMITTING A PROPOSED BUDGET
23 INCREASE TO THE VOTERS PURSUANT TO THIS SECTION OR BY SUBMITTING A PROPOSED
24 CLASS B BOND ISSUANCE TO THE VOTERS PURSUANT TO SECTION 15-1021.

25 BB. IF A SCHOOL DISTRICT PURCHASES COMPUTER HARDWARE WITH FUNDING FROM
26 CAPITAL IMPROVEMENTS AUTHORIZED PURSUANT TO THIS SECTION AND USES THE FUNDING
27 TO IMPLEMENT A CURRICULUM THAT PROVIDES ONE COMPUTER FOR EVERY PUPIL IN EACH
28 CLASSROOM, THE SCHOOL DISTRICT SHALL CONVERT ITS CURRENT CURRICULUM TO AN
29 EQUIVALENT DIGITAL CURRICULUM THAT IS CONSISTENT WITH THE ACADEMIC STANDARDS
30 ADOPTED BY THE STATE BOARD OF EDUCATION. A SCHOOL DISTRICT THAT IS SUBJECT
31 TO THIS SUBSECTION MAY CONTINUE TO USE TEXTBOOKS AND OTHER PRINTED MATERIALS
32 IF AN EQUIVALENT DIGITAL CURRICULUM IS NOT AVAILABLE.

1 Sec. 3. Section 15-491, Arizona Revised Statutes, is amended to read:

2 15-491. Elections on school property; exceptions

3 A. The governing board of a school district may, and upon petition of
4 fifteen per cent of the school electors as shown by the poll list at the last
5 preceding annual school election shall, call an election for the following
6 purposes:

7 1. To locate or change the location of school buildings.

8 2. To purchase or sell school sites or buildings or sell school sites
9 pursuant to section 15-342 or to build school buildings, but the
10 authorization by vote of the school district shall not necessarily specify
11 the site to be purchased.

12 3. To decide whether the bonds of the school district shall be issued
13 and sold for the purpose of raising money for purchasing or leasing school
14 lots, for building or renovating school buildings, for improving school
15 grounds, for purchasing pupil transportation vehicles or for liquidating any
16 indebtedness already incurred for such purposes. Except as provided in
17 section 15-1021, subsection H, the proceeds of class B bonds or impact aid
18 revenue bonds shall not be used for soft capital purposes except for **COMPUTER**
19 **HARDWARE AND** pupil transportation vehicles. A school district shall not
20 issue class B bonds until the school district has obligated in contract the
21 entire proceeds of any class A bonds issued by the school district. The total
22 amount of class A and class B bonds issued by a school district shall not
23 exceed the debt limitations prescribed in article IX, sections 8 and 8.1,
24 Constitution of Arizona.

25 4. To lease for five or more years, as lessor or as lessee, school
26 buildings or grounds. Approval by a majority of the school district electors
27 voting authorizes the governing board to negotiate for and enter into a
28 lease. The ballot shall list the school buildings or grounds for which a
29 lease is sought. If the governing board does not enter into a lease of five
30 or more years of the school buildings or grounds listed on the ballot within
31 five years of the date of the election and the board continues to seek such a

1 lease, the governing board shall call a special election to reauthorize the
2 board to negotiate for and to enter into a lease of five or more years.

3 B. No petition shall be required for the holding of the first election
4 to be held in a joint common school district for any of the purposes
5 specified in subsection A of this section. The notice of election required
6 by section 15-492 shall be published in each of the counties ~~which~~ THAT
7 comprise the joint common school district. The certification of election
8 results required by section 15-493 shall be made to the board of supervisors
9 of the jurisdictional county.

10 C. When the election is called to determine whether or not bonds of
11 the school district shall be issued and sold for the purposes enumerated in
12 the call for the election, the question shall be submitted to the vote of the
13 qualified electors of the school district as defined in section 15-401 and
14 subject to ~~the provisions of~~ section 15-402.

15 D. The governing board shall order the election to be held in the
16 manner prescribed in title 35, chapter 3, article 3. If a petition for an
17 election has been filed with the governing board as provided in subsection A
18 of this section, the board shall act upon the petition within sixty days by
19 ordering the election to be held as provided in this subsection. If a school
20 district bond election is scheduled for the same date a school district will
21 hold an override election, the governing body shall deliver a copy of the
22 notice of election and ballot to the county school superintendent who shall
23 include the notice of election and ballot with the information report and
24 ballot prepared for the override election. Mailing of the information
25 required for both the override and bond elections shall constitute compliance
26 with the notice provisions of this section.

27 E. The elections to be held pursuant to this section shall only be
28 held on dates prescribed by section 16-204, except that elections held
29 pursuant to this section to decide whether class B bonds shall be issued, or
30 any other obligation incurred that will require the assessment of secondary
31 property taxes, shall only be held on the first Tuesday after the first
32 Monday of November.

1 F. Subsection A, paragraph 2 of this section does not apply to the
2 sale of school property if the market value of the school property is less
3 than fifty thousand dollars.

4 G. Bond counsel fees, financial advisory fees, printing costs and
5 paying agent and registrar fees for bonds issued pursuant to an election
6 under this section shall be paid from either the amount authorized by the
7 qualified electors of the school district or current operating funds. Bond
8 election expenses shall be paid from current operating funds only.

9 H. For any election conducted to decide whether class B bonds will be
10 issued pursuant to this section:

11 1. Except as provided in paragraph 2 of this subsection, the ballot
12 shall include the following statement:

13 The capital improvements that are proposed to be funded
14 through this bond issuance are to exceed the state standards and
15 are in addition to monies provided by the state.

16 _____ school district is proposing to issue class B
17 general obligation bonds totaling \$_____ to fund capital
18 improvements over and above those funded by the state. Under the
19 students first capital funding system, _____ school district
20 is entitled to state monies for building renewal, new
21 construction and renovation of school buildings in accordance
22 with state law.

23 2. For a school district that is a joint technological education
24 district, the ballot shall include the following statement:

25 _____, a joint technological education district, is
26 proposing to issue class B general obligation bonds totaling
27 \$_____ to fund capital improvements at the main campus of
28 the joint technological education district.

29 3. The ballot shall contain the words "bond approval, yes" and "bond
30 approval, no", and the voter shall signify the voter's desired choice.

1 4. The ballot shall also contain the phrase "the issuance of these
2 bonds will result in an annual levy of property taxes sufficient to pay the
3 debt on the bonds".

4 5. At least eighty-five days before the election, the school district
5 shall submit proposed ballot language to the director of the Arizona
6 legislative council. The director of the Arizona legislative council shall
7 review the proposed ballot language to determine whether the proposed ballot
8 language complies with this section. If the director of the Arizona
9 legislative council determines that the proposed ballot language does not
10 comply with this section, the director, within ten calendar days of the
11 receipt of the proposed ballot language, shall notify the school district of
12 the director's objections and the school district shall resubmit revised
13 ballot language to the director for approval.

14 6. No later than thirty-five days before a class B bond election
15 conducted pursuant to this section, the school district shall mail a
16 publicity pamphlet to each household that contains a qualified elector in the
17 school district. The publicity pamphlet shall contain, at a minimum, the
18 following information:

19 (a) An executive summary of the school district's most recent capital
20 plan submitted to the school facilities board.

21 (b) A complete list of each proposed capital improvement that will be
22 funded with the proceeds of the bonds and a description of the proposed cost
23 of each improvement, including a separate aggregation of capital improvements
24 for administrative purposes as defined by the school facilities board.

25 (c) The tax rate associated with each of the proposed capital
26 improvements and the estimated cost of each capital improvement for the owner
27 of a single family home that is valued at one hundred thousand dollars.

28 I. For any election conducted to decide whether impact aid revenue
29 bonds shall be issued pursuant to this section:

30 1. The ballot shall include the following statement:

31 The capital improvements that are proposed to be funded
32 through this bond issuance are to exceed the state standards and

1 are in addition to monies provided by the state.

2 _____ school district is proposing to issue impact aid
3 revenue bonds totaling \$_____ to fund capital improvements
4 over and above those funded by the state. Under the students
5 first capital funding system, _____ school district is
6 entitled to state monies for building renewal, new construction
7 and renovation of school buildings in accordance with state law.

8 2. The ballot shall contain the words "bond approval, yes" and "bond
9 approval, no", and the voter shall signify the voter's desired choice.

10 3. At least eighty-five days before the election, the school district
11 shall submit proposed ballot language to the director of the legislative
12 council. The director of the legislative council shall review the proposed
13 ballot language to determine whether the proposed ballot language complies
14 with this section. If the director of the legislative council determines
15 that the proposed ballot language does not comply with this section, the
16 director, within ten calendar days of the receipt of the proposed ballot
17 language, shall notify the school district of the director's objections and
18 the school district shall resubmit revised ballot language to the director
19 for approval.

20 4. No later than thirty-five days before an impact aid revenue bond
21 election conducted pursuant to this section, the school district shall mail a
22 publicity pamphlet to each household that contains a qualified elector in the
23 school district. The publicity pamphlet shall contain, at a minimum, the
24 following information:

25 (a) The date of the election.

26 (b) The voter's polling place and the times it is open.

27 (c) An executive summary of the school district's most recent capital
28 plan submitted to the school facilities board.

29 (d) A complete list of each proposed capital improvement that will be
30 funded with the proceeds of the bonds and a description of the proposed cost
31 of each improvement, including a separate aggregation of capital improvements
32 for administrative purposes as defined by the school facilities board.

1 (e) A statement that impact aid revenue bonds will be fully funded by
2 aid that the school district receives from the federal government and do not
3 require a levy of taxes in the district.

4 (f) A statement that if the bonds are approved the first priority for
5 the impact aid will be to pay the debt service for the bonds and that other
6 uses of the monies are prohibited until the debt service obligation is met.

7 (g) A statement that if the impact aid revenue bonds are approved, the
8 school district shall not issue or sell class B bonds while the district has
9 existing indebtedness from impact aid revenue bonds, except for bonds issued
10 to refund any bonds issued by the board.

11 J. If the voters approve the issuance of school district class B bonds
12 or impact aid revenue bonds, the school district shall not use the bond
13 proceeds for any purposes other than the proposed capital improvements listed
14 in the publicity pamphlet, except that up to ten per cent of the bond
15 proceeds may be used for general capital expenses, including cost overruns of
16 proposed capital improvements.

17 K. Each school district that issues bonds under this section is
18 required to hold a public meeting each year between September 1 and October
19 31, until the bond proceeds are spent, at which an update of the progress of
20 capital improvements financed through bonding is discussed and at which the
21 public is permitted an opportunity to comment. At a minimum, the update
22 shall include a comparison of the current status and the original projections
23 on the construction of capital improvements, the costs of capital
24 improvements and the costs of capital improvements in progress or completed
25 since the prior meeting and the future capital bonding plans of the school
26 district. The school district shall include in the public meeting a
27 discussion of the school district's use of state capital aid and
28 voter-approved capital overrides in funding capital improvements, if any."

29 Renumber to conform

30 Page 10, after line 32, insert:

31 "Sec. 5. Section 15-1021, Arizona Revised Statutes, is amended to
32 read:

15-1021. Limitation on bonded indebtedness; limitation on
authorization and issuance of bonds; definition

3 A. Until December 31, 1999, a school district may issue class A bonds
4 for the purposes specified in this section and chapter 4, article 5 of this
5 title to an amount in the aggregate, including the existing indebtedness, not
6 exceeding fifteen per cent of the taxable property used for secondary
7 property tax purposes, as determined pursuant to title 42, chapter 15,
8 article 1, within a school district as ascertained by the last property tax
9 assessment previous to issuing the bonds.

10 B. From and after December 31, 1998, a school district may issue class
11 B bonds for the purposes specified in this section and chapter 4, article 5
12 of this title to an amount in the aggregate, including the existing class B
13 indebtedness, not exceeding five per cent of the taxable property used for
14 secondary property tax purposes, as determined pursuant to title 42, chapter
15 15, article 1, within a school district as ascertained by the last assessment
16 of state and county taxes previous to issuing the bonds, or one thousand five
17 hundred dollars per student count as determined pursuant to section 15-902,
18 whichever amount is greater. A school district shall not issue class B bonds
19 until the proceeds of any class A bonds issued by the school district have
20 been obligated in contract. The total amount of class A and class B bonds
21 issued by a school district shall not exceed the debt limitations prescribed
22 in article IX, section 8, Constitution of Arizona.

23 C. Until December 31, 1999, a unified school district, as defined
24 under article IX, section 8.1, Constitution of Arizona, may issue class A
25 bonds for the purposes specified in this section and chapter 4, article 5 of
26 this title to an amount in the aggregate, including the existing
27 indebtedness, not exceeding thirty per cent of the taxable property used for
28 secondary property tax purposes, as determined pursuant to title 42, chapter
29 15, article 1, within a unified school district as ascertained by the last
30 property tax assessment previous to issuing the bonds.

31 D. From and after December 31, 1998, a unified school district, as
32 defined under article IX, section 8.1, Constitution of Arizona, may issue

1 class B bonds for the purposes specified in this section and chapter 4,
2 article 5 of this title to an amount in the aggregate, including the existing
3 class B indebtedness, not exceeding ten per cent of the taxable property used
4 for secondary tax purposes, as determined pursuant to title 42, chapter 15,
5 article 1, within a school district as ascertained by the last assessment of
6 state and county taxes previous to issuing the bonds, or one thousand five
7 hundred dollars per student count as determined pursuant to section 15-902,
8 whichever amount is greater. A unified school district shall not issue class
9 B bonds until the proceeds of any class A bonds issued by the unified school
10 district have been obligated in contract. The total amount of class A and
11 class B bonds issued by a unified school district shall not exceed the debt
12 limitations prescribed in article IX, section 8.1, Constitution of Arizona.

13 E. No bonds authorized to be issued by an election held after July 1,
14 1980 may be issued more than six years after the date of the election, except
15 that class A bonds shall not be issued after December 31, 1999.

16 F. Class A bond proceeds shall not be expended for items whose useful
17 life is less than the average life of the bonds issued, except that bond
18 proceeds shall not be expended for items whose useful life is less than five
19 years.

20 G. Except as provided in subsection H of this section, class B bond
21 proceeds shall not be expended for soft capital items, ~~computer hardware~~, or
22 other items whose useful life is less than the average useful life of the
23 bonds issued, except that bond proceeds shall not be expended for items whose
24 useful life is less than five years. ~~For the purposes of this subsection,~~
25 ~~"computer hardware" means an electronic device with an integrated circuit~~
26 ~~that performs logic, arithmetic or memory functions by the manipulations of~~
27 ~~electronic or magnetic impulses and includes all input, output, processing,~~
28 ~~storage, software or communication facilities that are connected or related~~
29 ~~to such a device in a system or network.~~

30 H. Class B bond proceeds for a new facility at the main campus of a
31 joint technological education district may be expended for soft capital
32 items, ~~computer hardware~~, furniture or other equipment, except that no bonds

1 may be issued for these purposes for a duration of more than five years. The
2 total amount of bonds that a joint technological education district may issue
3 pursuant to this subsection shall not exceed thirty per cent of the cost of
4 the new school facility, including monies received for the new school
5 facility pursuant to this section.

6 I. Notwithstanding subsections F and G of this section, bond proceeds
7 may be expended for purchasing pupil transportation vehicles AND COMPUTER
8 HARDWARE. THE QUESTION OF WHETHER THE SCHOOL DISTRICT MAY ISSUE BONDS FOR
9 COMPUTER HARDWARE SHALL BE SUBMITTED TO THE QUALIFIED ELECTORS AS A SEPARATE
10 BALLOT MEASURE FROM ANY OTHER BOND MEASURES ON THE SAME BALLOT. CLASS B BOND
11 PROCEEDS SHALL NOT BE EXPENDED FOR COMPUTER HARDWARE WHOSE USEFUL LIFE IS
12 LESS THAN THE DURATION OF THE BONDS ISSUED, EXCEPT THAT NO BONDS MAY BE
13 ISSUED FOR THESE PURPOSES FOR A DURATION OF MORE THAN SEVEN YEARS. IF A
14 SCHOOL DISTRICT PURCHASES COMPUTER HARDWARE WITH CLASS B BOND PROCEEDS:

15 1. THE SCHOOL DISTRICT SHALL PROVIDE PROFESSIONAL DEVELOPMENT TRAINING
16 FOR TEACHERS AND OTHER CLASSROOM PERSONNEL ON THE USE OF DIGITAL INSTRUCTION
17 AND SHALL REQUIRE THE COMPANY FROM WHICH THE COMPUTER HARDWARE IS PURCHASED
18 TO PAY FOR THE PROFESSIONAL DEVELOPMENT TRAINING.

19 2. IF THE SCHOOL DISTRICT USES CLASS B BOND PROCEEDS TO IMPLEMENT A
20 CURRICULUM THAT PROVIDES ONE COMPUTER FOR EVERY PUPIL IN EACH CLASSROOM, THE
21 SCHOOL DISTRICT SHALL CONVERT ITS CURRENT CURRICULUM TO AN EQUIVALENT DIGITAL
22 CURRICULUM THAT IS CONSISTENT WITH THE ACADEMIC STANDARDS ADOPTED BY THE
23 STATE BOARD OF EDUCATION. A SCHOOL DISTRICT THAT IS SUBJECT TO THIS
24 PARAGRAPH MAY CONTINUE TO USE TEXTBOOKS AND OTHER PRINTED MATERIALS IF AN
25 EQUIVALENT DIGITAL CURRICULUM IS NOT AVAILABLE.

26 3. A VALID WARRANTY FOR ALL COMPUTER HARDWARE PURCHASED WITH CLASS B
27 BOND PROCEEDS SHALL REMAIN IN EFFECT FOR THE ENTIRE LENGTH OF TIME THAT THE
28 CLASS B BONDS ARE OUTSTANDING.

29 J. A school district shall not authorize, issue or sell bonds pursuant
30 to this section if the school district has any existing indebtedness from
31 impact aid revenue bonds pursuant to chapter 16, article 8 of this title,
32 except for bonds issued to refund any bonds issued by the governing board.

1 K. BEFORE ASKING THE VOTERS OF A SCHOOL DISTRICT TO AUTHORIZE THE
2 FUNDING OF CAPITAL IMPROVEMENTS PURSUANT TO THIS SECTION, THE SCHOOL DISTRICT
3 GOVERNING BOARD SHALL DETERMINE WHETHER IT IS MORE COST EFFICIENT TO FUND
4 THOSE CAPITAL IMPROVEMENTS BY SUBMITTING A PROPOSED CLASS B BOND ISSUANCE TO
5 THE VOTERS PURSUANT TO THIS SECTION OR BY SUBMITTING A PROPOSED BUDGET
6 INCREASE TO THE VOTERS PURSUANT TO SECTION 15-481.

7 L. FOR THE PURPOSES OF THIS SECTION, "COMPUTER HARDWARE" MEANS AN
8 ELECTRONIC DEVICE WITH AN INTEGRATED CIRCUIT THAT PERFORMS LOGIC, ARITHMETIC
9 OR MEMORY FUNCTIONS BY THE MANIPULATIONS OF ELECTRONIC OR MAGNETIC IMPULSES
10 AND INCLUDES ALL INPUT, OUTPUT, PROCESSING, STORAGE, SOFTWARE OR
11 COMMUNICATION FACILITIES THAT ARE CONNECTED OR RELATED TO SUCH A DEVICE IN A
12 SYSTEM OR NETWORK."

13 Amend title to conform

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